

MUR # 7345

BEFORE THE
FEDERAL ELECTION COMMISSION

Rhode Island Republican State Central Committee
1800 Post Road, Suite 17-I
Warwick, RI 02886

Complainant

v.

Providence Democratic City Committee
773 Hope St., Box 22
Providence, RI 02906

Friends of Gina Raimondo
P.O. Box 40794
Providence, RI 02940

Respondents

OFFICE OF
GENERAL COUNSEL
2018 MAR 13 PM 4:33

COMPLAINT

Pursuant to 52 U.S.C. § 30109(a)(1), comes now the Rhode Island Republican State Central Committee, by and through its Chairman Mr. Brandon S. Bell, and files this complaint with the Federal Election Commission (the "Commission") against the Providence Democratic City Committee (the "Committee") and Friends of Gina Raimondo (the "Campaign") for violating 11 C.F.R. § 102.07, which establishes the requirements for engaging in a federal joint fundraising effort.¹ Based upon press reports, publicly available information, and Respondents' lack of filings with the Commission, Respondents have failed to meet the basic criteria to engage in a federal joint fundraising effort.

Facts

In January 2018, the Executive Board of the Committee approved an agreement with the Campaign to help the Committee raise funds and hire staff for the 2018 election cycle.²

On January 31, 2018, the Committee and the Campaign legally entered into a Mutual Support Agreement (the "MSA").³ The MSA identified the Committee and Campaign as its

¹ The Committee is a registered political party committee and the Candidate is a registered candidate committee with the Rhode Island Board of Elections, and both remain unregistered as federal committees as of the date of this Complaint.

² See <http://wpri.com/2018/02/05/providence-democrats-have-fundraising-agreement-with-gov-raimondos-campaign/>; See also Exhibit A.

³ See <https://twitter.com/kathyprojo/status/965342101637607425>; see also Exhibit B.

participants, established how it would deposit funds, and established fundraising guidelines. In particular, the MSA provided:

"1. No later than January 31, 2018, the Committee will authorize Patrick Ward ("Ward") to open the following three accounts...

- A federal account to be named Victory 2018 Federal; ...

2. The parties agree that funds raised by Governor Raimondo, the Campaign, and their agents will be deposited as follows:

- Funds raised subject to the limits and restrictions of federal law will be deposited in Victory 2018 Federal; ..."

Although Ward subsequently resigned as Chairman of the Committee, a spokesperson of the Campaign stated that "legally, the agreement remains in place."⁴ On or around February 18, 2018, the Campaign released a copy of the MSA and a legal memorandum in which the Campaign's Counsel indicated the Campaign had consulted with the Rhode Island State Board of Elections.⁵ However, the Respondents have not addressed whether it consulted with the Commission regarding compliance with federal law.

As of the date of this Complaint, a public search reveals that neither the Committee nor the Campaign have established a separate committee or selected an additional participating federal political committee to act as a fundraising representative for any federal joint fundraising effort.⁶

The plain language of the MSA specifies that the Committee and Campaign intended to pursue both state and federal joint fundraising in connection with the 2018 election cycle. The MSA does not satisfy the federal requirements. 11 C.F.R. § 102.17. Committees raising funds via federal joint fundraising activity must comply with the requirements set forth under 11 C.F.R. § 102.17. The MSA does not satisfy the requirements for engaging in a federal joint fundraising activity because it fails to: establish a fundraising representative either by establishing a separate political committee to serve as the joint fundraising committee or selecting an additional participating, registered political committee; establish a written fundraising agreement; and state an allocation formula providing the amount of percentage of each contribution received would be distributed to each participant. These requirements apply to unregistered committees, such as the Committee and the Campaign, just as much as a registered political committee.

⁴ See <http://wpri.com/2018/02/15/raimondo-wants-fundraising-deal-with-providence-democrats-to-remain-in-place/>

⁵ See <http://www.providencejournal.com/news/20180218/raimondo-releases-fundraising-agreement-with-providence-democratic-committee>; See also Exhibit C.

⁶ See also Exhibit D.

Legal Conclusions

Based upon a public search of the Commission's campaign finance data and public news reports, Respondents appear to have violated 11 C.F.R. § 102.17 by failing to comply with the requirements to establish a federal joint fundraising effort, as follows:

- Failed to establish a fundraising representative either by establishing a separate political committee or selecting an additional participating, registered political committee;
- Failed to establish a written fundraising agreement; and
- Failed to state an allocation formula providing the amount of percentage of each contribution received would be distributed to each participant.

Complainant respectfully requests that the Commission investigate these apparent violations; enjoin Respondents from further violations of this regulation; and assign the maximum fines permitted by law.

Sincerely,



Brandon S. Bell, Chairman
Rhode Island Republican State Central Committee

State of Rhode Island

County of Providence

SUBSCRIBED AND SWORN TO before me on this 3rd day of March in the year 2018


Notary Public

My commission expires:

RANDI J. STANLEY Notary Public, State of Rhode Island My Commission Expires Oct. 13, 2020 Notary # 759750
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EXHIBIT

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Providence Democrats have fundraising agreement with Gov. Raimondo's campaign



By **Dan McGowan** (<http://wpri.com/author/dan-mcgowan-wpri-com-reporter/>)

Published: February 5, 2018, 7:26 pm | Updated: February 5, 2018, 8:37 pm



PROVIDENCE, R.I. (WPRI) – The Providence Democratic City Committee's leaders voted last week to enter into an agreement with Gov. Gina Raimondo's re-election campaign that will help the local party raise funds and staff up in the coming months.

Patrick Ward, the chairman of the city committee, told Eyewitness News his executive board voted unanimously to approve an "agreement of mutual support" with the governor's campaign.

"The Providence Democratic City Committee is committed to doing whatever is needed to elect Democrats to state and federal offices in 2018, and we know a strong performance in Providence is critical to Governor Raimondo's campaign and the campaigns of all Democratic candidates in November," Ward said in a prepared statement.

Ward declined to provide more details about the arrangement or share a copy of the agreement, but he did confirm it will involve fundraising support and allow the local party to hire staff.

The city committee is hardly known for its fundraising, having received just \$6,360 in contributions between 2014 and 2017, according to filings with the R.I. Board of Elections. The committee reported just \$122 in its campaign account as of Dec. 31, and it doesn't currently have any paid staff members.

But if the committee is able to tap into Raimondo's vast fundraising network (<http://wpri.com/2018/01/31/raimondos-re-election-fund-tops-3-3m-fung-on-top-among-republicans/>), it could quickly become an influential force as election season approaches. Individuals have the ability to contribute up to \$10,000 to party committees for "party building," according to Richard Thornton, the Board of Elections' director of campaign finance. Thornton said an individual would not be allowed to contribute \$10,000 each to the state party and a local committee.

It's unclear how much the Raimondo campaign consulted with the state Democratic Party before entering into an agreement with the Providence Democrats. Kevin Olasanoye, the executive director of the state party, initially said he was unaware of the agreement, but later said he hopes it will be the "first of many" agreements the governor's campaign reaches with local parties.

Olasanoye said he doesn't consider the agreement a sign that the governor's campaign is attempting to "work around" the state party. He said he looks forward to the Democrats having a "coordinated campaign" later this year.

David Ortiz, a spokesperson for Raimondo, declined to answer any questions about the agreement, except to say "the governor, like all of Rhode Island's state and federal Democratic candidates, looks forward to working with our state and local parties to elect Democrats up and down the ticket in November."

Ward was elected head of the Providence Democrats (<http://wpri.com/2017/02/16/patrick-ward-elected-to-lead-providence-democrats/>) last year, succeeding Central Falls school Superintendent Victor Capellan. He is married to Providence City Councilwoman Sabina Matos.

Democratic City Committee members are elected every four years, with 11 members coming from each of Providence's 15 wards. The committee, particularly its chairman, used to be influential in local politics, selecting candidates to run for office and controlling patronage jobs in city government. But the committee has endorsed losing candidates in the last two mayoral races – Steven Costantino in 2010 and Michael Solomon in 2014 – and its power has mostly faded away over the last 20 years.

Continue the discussion on Facebook (<https://www.facebook.com/groups/PVDpolitics/>).

Dan McGowan (dmcgowan@wpri.com (<mailto:dmcgowan@wpri.com>)) covers politics, education and the city of Providence for WPRI.com. Follow him on Facebook (<https://www.facebook.com/groups/PVDpolitics/>) and Twitter: [@danmcgowan](https://twitter.com/danmcgowan) (<https://twitter.com/danmcgowan>).

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MUTUAL SUPPORT AGREEMENT

This Agreement made and entered as of January 31, 2018 by and between the Providence Democratic City Committee (the "*Committee*") and Friends of Gina Raimondo (the "*Campaign*"):

WHEREAS, Governor Raimondo intends to raise funds for the Committee to support its programs for the 2018 elections to elect Democrats up and down the ballot;

WHEREAS, the Committee acknowledges and agrees that having the input of the Campaign in the planning and execution of the 2018 coordinated campaign is vital to the coordinated campaign's success; and

WHEREAS, the parties agree to support each other's activities, consistent with the law, during the 2018 election cycle,

The parties hereby agree as follows:

1. No later than January 31, 2018, the Committee will authorize Patrick Ward ("*Ward*") to open the following three accounts (collectively, the "*Accounts*"):
 - A federal account to be named Victory 2018 Federal;
 - A nonfederal account to be named Victory 2018 Nonfederal; *and*
 - A nonfederal building account to be named Victory 2018 Building.
2. The parties agree that funds raised by Governor Raimondo, the Campaign, and their agents will be deposited as follows:

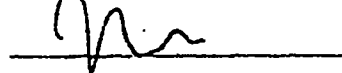
Open with

- A nonfederal building account to be named **Victory 2018 Building**.
2. The parties agree that funds raised by Governor Raimondo, the Campaign, and their agents will be deposited as follows:
- Funds raised subject to the limits and restrictions of federal law will be deposited in **Victory 2018 Federal**;
 - Funds raised subject to the limits and restrictions of Rhode Island law will be deposited in **Victory 2018 Nonfederal**;
 - Funds raised for the State Party's building fund will be deposited in **Victory 2018 Building**.
3. The Committee agrees that Ward shall have exclusive and plenary authority to spend, transfer, and otherwise disburse funds from the Accounts for any lawful purpose (including the refunding of contributions to donors) and shall be the only signatory on the Accounts (both with the bank and on any financial instruments), except that Ward may designate any other persons of his choosing to also exercise these powers. No other person's approval will be required to authorize the spending, transfer, or disbursement of funds from the Accounts Without limiting

the foregoing, Ward and his designees are authorized to use funds in the Accounts to hire staff and consultants to implement programs, in their sole discretion, as they deem fit

4. The Committee agrees to collaborate with the Campaign to develop a budget for the coordinated campaign
5. Nothing in this Agreement shall create, or be deemed to create, any relationship of employer and employee or of master and servant between the Campaign and any employees or consultant of the Committee.
6. All funds raised in connection with this Agreement shall solicited in accordance with federal and state law. Specifically, no donor may earmark any contribution allocable to the State Party to be used on behalf of any particular candidate.
7. This Agreement shall remain confidential and neither party may reveal the terms or existence of this Agreement to any third party without the express consent of the other party to this Agreement.
8. The parties agree to take any necessary actions (such as Board approvals) to execute the aforementioned provisions.

For Friends of Gina Raimondo:



Title: CAMPAGN MANAGER

For the Providence Democratic City Committee.



Title: Chairman

EXHIBIT C

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PROVIDENCE Journal

Raimondo releases fundraising agreement with Providence Democratic committee

By Katherine Gregg

Journal Political Writer

Posted Feb 18, 2018 at 6:38 PM

Updated Feb 18, 2018 at 8:15 PM

The governor had been unwilling — up until this point — to make public the agreement she struck with a city political committee chaired, at the time, by state employee Patrick Ward.

PROVIDENCE, R.I. — Mired in controversy over an undisclosed fundraising deal with the Providence Democratic City Committee, Gov. Gina Raimondo's team on Sunday released the agreement that had set the stage for each of her maxed-out supporters to give \$21,000 more to the city Democrats to be spent in consultation with her.

Raimondo had been unwilling — up until this point — to make public the agreement she struck with a city political committee chaired, at the time, by state employee Patrick Ward. Her spokesman David Ortiz said that she would not do so because that would disclose "internal party-building" strategy to the opposition.

But controversy ensued. State Republican Party chairman Brandon Bell filed a complaint with the state Ethics Commission last week, alleging that Democrat Raimondo "violated Regulation 36-14-5011" regarding financial transactions with subordinates and more specifically, Patrick Ward, the chairman of the Providence Democratic City Committee at the time the arrangement was approved.

Ward was hired by the Raimondo administration last June as a \$71,608-a-year chief of program development in the R.I. Department of Human Services. As such, Bell argued, he is "a state employee in an executive branch agency over whom Governor Raimondo exercises supervisor authority."

Bell also alleged a potential violation of state election law. Raimondo's Washington, D.C. campaign lawyer Jonathan Berkon denounced both as "ridiculous" in a telephone interview with The Providence Journal late last week.

But Republican state Rep. Michael Chippendale vowed to introduce legislation forcing the disclosure of any such agreements. The Journal ran an editorial urging disclosure. John Burke, a spokesman for the Republican Governors Association, tweeted Sunday night: "So it takes an ethics complaint, a threat of legislative action, and an editorial from the state's largest paper just to get a 2 page document out of

_____ ? This is why she's America's least transparent governor. #RIGov"

Added the GOP's Bell: "There is nothing in this Sunday news dump to justify why it was kept secret for 2 weeks for strategic reasons ... we are pleased that with pressure this agreement has been released. But the ethics investigation still must be conducted to determine how the agreement came about in the first place ... I've never heard of an agreement where a subordinate employee of the Governor had so much control over how joint fundraising money is spent."

Bell then said: "The public disclosure of the Raimondo-Ward deal is not the end, but only the next chapter. Raimondo and Ward both need to answer questions as to how this deal came about and the details of how it was intended to operate."

"We hope the Ethics Commission will investigate the complaint filed regarding the Raimondo-Ward agreement. Governor Raimondo should be held accountable for entering into such an unusual financial arrangement with a subordinate state employee, which was designed to directly benefit her re-election."

As Berkon explained the agreement, a donor who felt so inclined could give a maximum of \$1,000 to Raimondo, \$1,000 to the city committee, another \$10,000 to the city committee's federal account (for helping congressional candidates) and another \$10,000 to its non-federal account.

He also spelled out a scenario where the city committee — working with Raimondo — would run the kind of "coordinated campaign" out of its headquarters that the state Democratic Party has run in past years for all of the state, local and federal candidates on its ticket.

Late Sunday afternoon, for reasons that have not yet been explained, the Raimondo team decided to release the one-and-a-half page memo signed by Raimondo's campaign manager Jonathan Blair and Ward on Jan. 31, and an accompanying memorandum from Berkon.

The "mutual support agreement" begins: "Governor Raimondo intends to raise funds for the Committee to support its programs for the 2018 elections to elect Democrats up and down the ballot ... The [city] Committee acknowledges and agrees that having the

input of the [Raimondo] campaign in the planning and execution of the 2018 coordinated campaign is vital to the coordinated campaign's success."

It sets the framework for the creation of three "Victory 2018" accounts for the deposit of the money, and it gives Ward — who has since resigned — or his designee "exclusive" authority over how the money would be spent with some caveats. Among them:

"The Committee agrees to collaborate with the [Raimondo] Campaign to develop a budget for the coordinated campaign," but there is no implied employee-employer or "master and servant" relationship between the city committee and the Raimondo campaign and its consultants and "no donor may earmark any contribution allocable to the State Party to be used on behalf of any particular candidate."

There is no mention of any strategy, but the agreement ends with language committing both sides to keep the agreement, its terms — and even its existence — confidential.

In his memorandum, Berkon said agreements such as this are "standard in political campaigns. Before we entered into this agreement, we consulted with the Rhode Island Board of Elections on January 9, 2018 to confirm that it shared our interpretations of Rhode Island campaign finance law on which the agreement is based."

Berkon said he came away convinced: "This agreement between the Providence Democratic City Committee and Friends of Gina Raimondo is fully compliant with Rhode Island's campaign finance laws governing political parties and candidates," he said.

He said the "purpose of the agreement is straightforward: to set forth the protocols that the Providence Democratic City Committee would follow in establishing the accounts required by law to run a 'coordinated campaign' on behalf of Democratic candidates and in expending funds from these accounts ... The Campaign fully expects that other campaigns would be consulted as well and could become parties to the agreement if they wished to do so. But as noted above, only the party official has the authority to make spending decisions."

Two issues: Ward has resigned so the status of the agreement is in doubt. Also, the executive director of the state Democratic Party confirmed to The Journal that he was working on the creation of a coordinated campaign to be run at the state level, for the entire Democratic slate. It remains unclear how the two "coordinated campaigns" would work together.

EXHIBIT D

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"Victory 2018 Federal"

or

"Rhode Island Victory 2018 Federal"

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"Patrick Ward"

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